



Criteria for issuing equipment impacted by global supply chain constraints

Global supply chain shortages and delays are impacting a variety of products, including transformers and other equipment needed for construction and development projects. In fact, due to the impact to electric utility critical infrastructure, President Biden issued Presidential Determination No. 2022-19 in June to expand domestic production capability for transformers and electric power grid components. While SMUD continues to do everything possible to minimize the impact to our customers, their projects and our operations, like all other utilities, we're seeing delivery shortages and much longer lead times for certain types of transformers. It means there will be times when we can't provide transformers to construction and development projects in line with our normal process and timeline, due to lack of stock.

SMUD will apply the following criteria to distribute transformers impacted by supply chain shortages to minimize the impact to as many projects as possible. **In general, when there's a shortage of a specific type of transformer, or other equipment, SMUD will issue available transformers and equipment once the customer's project is electrically ready to serve load. We'll issue the transformers to customers based on the date of electrical readiness, per specific field conditions.**

Once SMUD confirms electrical readiness, available equipment will be issued in accordance with our normal construction process.

The criteria also includes a process for getting into the queue to receive out-of-stock equipment once SMUD receives additional deliveries.

For commercial development projects (excluding subdivisions)

SMUD will issue available transformers once payment is made, construction is significantly underway and the project is electrically ready. Specifically, for commercial development projects, electrical readiness means:

- The electrical panel and conductor are onsite
- For projects with buildings, the foundation and framing are complete
- For electric vehicle chargers, water pumps, cell sites and similar projects, all equipment using the load (e.g., the charger, pump or tower) is onsite

If transformers are out of stock, SMUD will place the project in the queue to receive the transformer(s) based on the date of electrical readiness. We will provide the customers with an estimated date of delivery, based on the latest delivery dates provided by the supplier. Please note that these dates are subject to change. If the availability date

changes based on information from the supplier, SMUD will advise the customer of the change and the new estimated delivery date.

For subdivisions

SMUD's criteria and process for issuing transformers to subdivisions is to supply partial quantities to allow incremental progress on several subdivisions, rather than stalling progress on many while enabling a few to continue. This will help ensure that SMUD's limited transformer stock is allocated to maximize the benefit for all customers.

SMUD will issue available equipment once payment is received and the subdivision is electrically ready to serve non-construction load, as confirmed by SMUD. Specifically, electrical readiness for subdivisions means:

- Subdivision improvements are completed (roads are installed, paved)
- Construction has progressed to a phase that requires SMUD equipment (e.g., for street lights, irrigation, model homes and production homes), and the panel is installed and inspected by a local agency

Once SMUD confirms electrical readiness, two transformers will be issued to each of the subdivision's developers based on the date when the subdivision became electrically ready. This will enable energization for model home sales and field office activities. This process will continue until all available transformers are assigned to developers.

Once additional transformers become available, they'll be assigned on a rotational basis, one at a time, starting with the next developer in the queue until all the transformers are assigned.

When a new subdivision becomes electrically ready, it will move to the front of the queue for developers to each receive the first two transformers. After each developer received their first two transformers, the subdivision then becomes part of the rotational process to assign additional transformers, one by one, as they become available.

Prior to transformer delivery, SMUD will ask developers to provide a prioritized list of transformer locations. SMUD will run all cable at the beginning of the job. As transformers are delivered, they will be installed on the pads in the priority order specified by the developer.

Process for confirming electrical readiness

This process applies to commercial development projects and subdivisions.

Once a project has reached the applicable electrical readiness milestones above, contact SMUD's Commercial Development & Solutions team at development@smud.org or 916-732-5448. We will inspect the project to confirm

electrical readiness. When electrical readiness is confirmed, equipment will be issued in accordance with our normal construction process.

For projects deemed to be not electrically ready, we'll advise customers of the readiness criteria and ask them to contact SMUD once the criteria are met. We'll reach out to these customers periodically to re-evaluate readiness. Once the project reaches electrical readiness, it'll be placed in the queue for equipment distribution based on the date SMUD was able to confirm electrical readiness.

For more information, please contact SMUD's Commercial Development & Solutions team at development@smud.org or 916-732-5448.